



PSC NEWS

Missouri Public Service Commission

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PSC ESTABLISHES MISSOURI UNIVERSAL SERVICE FUND

Jefferson City (March 22, 2002)---The Missouri Public Service Commission has approved the establishment of a Missouri Universal Service Fund to help low income and disabled Missourians receive basic local telephone service.

The establishment of the Missouri Universal Service Fund is pursuant to state law passed by the Missouri General Assembly in 1996 (Senate Bill 507).

“Adoption of the proposed low income/disabled fund will increase the level of penetration in households made up of low income ratepayers and, possibly, households with disabled ratepayers,” stated Public Service Commission Chairman Kelvin Simmons. “The Missouri Universal Service Fund will help provide basic local telephone service to those most in need. In addition, this program is designed to support as many customers as possible and does not place undue burdens on qualifying customers seeking assistance,” stated Simmons.

The plan would result in a fund of approximately \$4.8 million, excluding any fund administration costs, which would provide support for a substantial number of low income and disabled Missouri residents. The program will be funded through a Missouri telecommunications carrier assessment.

Telecommunications carriers would then place a surcharge on their residential and business customer bills which will be designated as the “Missouri Universal Service Fund” surcharge. The amount of the surcharge would be based upon the customer’s total intrastate monthly telephone bill, exclusive of taxes.

The Commission stated in its order: “Adopting a mechanism for recovery other than an explicit surcharge on end user billings would be inconsistent with the Fifth Circuit’s decisions (United States Fifth District Court of Appeals), the Telecommunications Act of 1996, and the FCC’s (Federal Telecommunications Commission) rules.” The Commission further noted: “If the Commission did not allow a surcharge, market distortions would result and implicit subsidies would

(more)

be created. The only manner in which the Commission can comply with this statute (Missouri state statute 392.248.2) is to establish an end-user surcharge.”

“Over the next several months, the Commission and the Universal Service Fund Board will be developing the actual structure of assessments and surcharges to customers as well as the appointment of a Fund Administrator. It will be several months before customers will notice the ‘Missouri Universal Service Fund’ surcharge on their monthly telephone bills,” stated Chairman Simmons.

Under the Missouri Universal Service Fund, qualifying low income/disabled customers could receive up to \$3.50 a month towards their basic monthly telephone bill. A low income customer may receive additional amounts from the federal Lifeline program which may total an additional \$8.50 a month.

Nearly two-thirds of the other states in the country currently have a state Universal Service Fund for low income and/or disabled customers in an effort to help them receive basic local telephone service.

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Case No. TO-98-329